



State of Utah

DEPARTMENT OF COMMERCE Committee of Consumer Services

Minutes of the Meeting of the Committee of Consumer Services held
in the Heber M Wells Building, Salt Lake City, Utah, Tuesday, 8 November 2005

Dee Jay Hammon called the meeting to order at 9:30 p.m. in room 4A, Heber M Wells Building, 160 East 300 South, Salt Lake City, Utah.

Members of the Committee in Attendance:

Dee Jay Hammon
Kelly Casaday

Ryan Atkinson
Franz Amussen

Betsy Wolf

Staff in Attendance:

Leslie Reberg
Reed Warnick
Eric Orton

Dan Gimble
Cheryl Murray
Kevin Hale

Paul Proctor
Chris Keyser

Members of the Public in Attendance:

Kathy Van Dame
Mike Jerman
Barrie L. McKay

Keven Hoopiaina
Connie White
Al Walker

Liesa Manuel
Roger Ball

1. Administrative Matter

1.1 Welcome and Apologies for Absence

Dee Jay Hammon welcomed all those present and excused Kent Bateman from the meeting.

1.2 Dates and Location of Next Meetings

Thursday, December 15, 2005 commencing at 9:30 AM in Room #427 Heber M. Wells Building, 4th floor

1.3 Approval of Minutes from Prior CCS Meetings

Committee Meeting minutes were distributed for review.

1.4 CCS Staff Positions

The Committee budget had money allocated to fill two positions, an Economist and Utility Analyst with accounting/auditing skills.

2. Electricity

2.1 Gross Receipts Tax

Mike Jerman, vice president of Utah Tax Payer's Association, made a short presentation on the second gross receipt tax bill. Draft copy of this bill was passed out and discussed. Dee Jay assigned the staff to take a look at this issue and get a position together. Then, if necessary, discuss it at the next Committee Meeting.

2.2 Customer Billing Issues 3-Block Rate Structure

Franz expressed concern that his electricity meter was being misread. As he researched the matter he found out that his meter was misread in one month and adjusted the next month. Keven Hoopiainia from PacifiCorp explained that they have steps that they can take if the meters are misread by a large portion. Customers should call PacifiCorp if they have any questions or problems with their meter readings.

2.3 Schedule 38-Avoided Cost Order

Commission issued its order to determine an avoided cost methodology that will be used for these qualifying facilities.

2.4 RFP 2009

Public Service Commission hired an independent evaluator for the RFP 2009. In September the independent evaluator filed his comments regarding the existing RFP. On October 19, PacifiCorp filed a motion to suspend the procedural schedule and is now in the process of revising the RFP to incorporate the independent evaluator's suggestions and comments. We have also been informed that when the RFP is issued it will have a coal resource as the Company's next best alternative. One of the things the Committee was concerned with was that coal was being pushed back; however, it now appears that when the RFP is issued for a 2012 resource, the next best alternative will be a coal resource.

2.5 IRP and DSM Updates

PacifiCorp is evaluating transmission projects in its IRP update. Committee Staff believes that MEHC's involvement has advanced this evaluation.

PacifiCorp has received responses to its 2005 DSM RFP and is in the process of reviewing and selecting those projects deemed to be cost effective.

2.5.1 Contract Amendments

It was proposed that MSB's Energy Associates Inc. contract termination date be amended. Ryan Atkinson motioned to extend the termination date to 31 December 2006. Betsy Wolf seconded the motion and it passed unanimously.

It was proposed that Hayet Power Consulting contract be amended. Ryan Atkinson motioned to extend the termination date to 30 June 2006. Franz Amussen seconded the motion and it passed unanimously.

2.6 CCS Filing on PacifiCorp's Income Taxes

On October 7th 2005, the Committee filed a Request for Agency Action with the Public Service Commission. Committee position is there were tax savings that were given to the Utility on the consolidated level. The Committee believes those savings should be returned to ratepayers in some fashion. On November 4, 2005 the Utility responded with a Motion to Dismiss. The Committee has one week to file a response. The Committee has an expert on board who will be examining this issue.

2.7 Status of MidAmerican Acquisition Negotiations

The Committee has had six weeks of discussions with MEHC and other parties. As a result, approximately 75 "generic" & "Utah-specific" conditions related to the proposed acquisition have been identified. The next meeting will be at 2pm today to discuss key remaining issues. If settlement does not occur the Committee's direct testimony is due November 23, 2005 and hearings are scheduled for the second week in December 2005.

2.8 MSP Update

MSP Update was postponed until the December Committee Meeting.

2.9 Task Force Updates

The last PacifiCorp Rate Case Stipulation called for a number of task forces. Tony Yankel will need a small allocation of money to finish his work with the cost of service task force.

2.9.1 Contract Amendments

It is proposed that Yankel's Contract amount be amended. Ryan Atkinson motioned to approve an allocation of \$5,000 dollars. Franz Amussen seconded the motion and it passed unanimously.

3. Telecommunications

3.1 UBET-UBTA Rate Case Settlement

The Public Service Commission is in the process of preparing an order and the rates will go in effect January 1, 2006 or upon the conclusion of the merger between the Co-op and the Investor Owned Utility. The Company asked for \$7 million from the Universal Service Fund (USF), which was removed later by the Company. As a result of the settlement, \$1 million from the USF will be received by the company.

3.2 Carbon-Emery Rate Case

Parties in this case came together last Friday to discuss a resolution. Unfortunately, the parties are further apart. The Division of Public Utilities and the Committee have substantially cut Carbon-Emery's rate request. The Committee and Division still need to file testimony. The case is expected to go to hearing.

3.2.1 Contract Amendment

It was proposed that William Dunkel's and Associates contract be amended. Betsy Wolf motioned to approve an allocation of \$25,000 dollars. Ryan Atkinson seconded the motion and it passed unanimously.

4. Natural Gas

4.1 QGC's October 2005 Gas Pass-Through Increase

Dee Jay stated that the Committee will do its due diligence in examining the proposed Pass-Through. The Committee is hiring a consultant to review QGC's gas pass-through. Eric explained that the consultants and he are going to be going through a detailed audit of this QGC's pass-through.

4.1.1 New Contract

It was proposed that the Committee enter into a RFP Contract. The initial termination date of August 31, 2006, but capable of extension in duration and funding, as well as other amendments as required, at the discretion of the Committee, that is renewable on a year – to – year basis to complete the project – for a value of \$69,400 with:

McFadden Consulting Group Inc. to examine Questar Gas Company's application to increase its gas pass-through rates.

Franz Amussen motioned to approve the contract with McFadden and Associates. Ryan Atkinson seconded the motion and it passed unanimously.

4.2 QGC's Gas Management Program Hearing

The Committee accepted terms of settlement with Questar after a long process involving many meetings and discovery. This settlement terms allow the utility to recover future CO2 processing costs. In exchange the utility will waive any past recovery which is estimated at 40 million dollars. One of the issues for the Committee was customer safety. The Committee retained an expert who convinced them that there was a safety issue. The Committee felt that with its statutory responsibility representing residential and small business customers that we would be part of the process to ensure safety. As part of the settlement agreement, the Committee agreed to sign onto the Green Sticker Btu/Altitude Adjustment Accord. The Public Service Commission will file an Order either approving or denying the settlement agreement.

4.3 QGC's DSM Programs—Revenue Implications

Consultants were hired to come up with the best DSM program to issue a report. The task force has been meeting and has three options in mind. The three options are for Questar to remove any disincentive for DSM, Decoupling, and the Test Year. These will be explored as the task force continues. Leslie stated the Committee should have more information on each option and the effect that these options have on the customers we represent. Dee Jay wanted the Committee staff to come back next Committee Meeting to discuss more options or alternatives for DSM programs (i.e. what other states are doing, further information on what the task force has discussed). Dee Jay feels that the Committee needs more details on QGC's DSM Program.

5. Executive and Legislative Matters

5.1 State Energy Policy

Discussion postponed until December Committee Meeting

5.2 Customer Assistance on Winter Energy Bills

The Governor had an event with the community activists requesting public donations to help offset the increase cost on individual winter energy bills. The Community Action Program helps with the process for individuals who need assistance with their energy bills. Federal funds for this program have not increased even though energy bills have increased. Some have concerns that there will be more homeless because they are not able to pay for the energy bills. Public donations is the first step to help those in need, other programs may come forth in time. High winter energy bills are not just a Utah problem; it's a National problem too.

5.3 Proposed Changes to Open Meeting Laws and GRAMA

If Open Meeting Laws are amended, it will require training for all state agencies. If this law is amended, Committee attorneys should have some training on Open Meeting Laws and GRAMA.

6. Community Outreach Efforts

6.1 Meeting with Legislators

Leslie, Chris, and various Committee Members have had some great meetings with state legislators. Meeting discussions focused on the Committee's responsibilities and question concerning the tax case. Meetings also provide Committee staff with an opportunity to respond to questions and concerns.

6.2 Meeting with Agencies and Organizations (Kiwanis, etc)

Tomorrow the Committee has a meeting scheduled with the Bonneville Kiwanis. Dee Jay, Leslie, and Chris will be attending. A meeting with Utah Rural Electric Association Board is scheduled next week. Leslie, Chris, and Cheryl will be attending this meeting. Chris has been in charge of setting up these meetings and has done a great job.

7. Closed Meeting – To Discuss Pending or Reasonably Imminent Litigation

Ryan Atkinson motioned that the Committee go into executive session to discuss pending or reasonably imminent litigation. Franz Amussen seconded the motion and it passed unanimously.

Kelly Casaday motioned that the Committee return to open session. Betsy Wolf seconded the motion and it passed unanimously.

8. Motions on Matters Discussed in Closed Meeting

No Motions

9. Other Business

Kelly Casaday proposed that the meeting adjourn, and the meeting ended at 4:30 p.m.